

## **Checklist for Business Subsidies Law**

- A. Any business subsidy award, a loan of 75,000 or more, and/or grants of \$25,000 or more, must be approved by City Council/HRA.
- B. Any business subsidy more than \$100,000 requires a public notice and a hearing on the subsidy. The published notice must indicate that a summary of the terms of the subsidy is available rather than a copy of the entire subsidy agreement. If more than one "non-state grantor" provides a subsidy to the same recipient, the grantors may designate one of them to hold the public hearing. The public notice must:
1. Be published in a local newspaper of general circulation (Pioneer Press);
  2. Identify the location where business subsidy details can be obtained;
  3. Be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text;
  4. Be available in printed paper copies;
  5. Be published at least 10 days prior to the public hearing.
- C. A business subsidy must meet a public purpose. Tax base enhancement is an acceptable public purpose, but may not be the sole justification for the subsidy. Job retention may only be used as a public purpose in cases where job loss is imminent and demonstrable.
- D. To be included in the subsidy agreement:
- a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is TIF;
  - a statement of the public purposes for the subsidy;
  - goals for the subsidy to be achieved within two years of the benefit date that must be "measurable, specific, and tangible", including Full-time and Part time jobs and wages;
  - a description of the financial obligation of the recipient if goals are not met;
  - a statement of why the subsidy is needed;
  - a commitment to continue operations in the jurisdiction where the subsidy is used for five years; however, the five-year commitment may be waived if the grantor, after a public hearing, approves the recipient's request to move.
  - the name and address of the parent corporation of the recipient, if any;
  - a list of all financial assistance by all grantors for the project;
  - a statement that the recipient does not have an ongoing unresolved adverse action on their record with OSHA or the EPA;
  - a statement that the company has a company-wide Affirmative Action Policy.
- E. A Minnesota Business Assistance Form (MBAF) must be submitted to DTED by PED for each business subsidy agreement signed on or after

August 1, 1999. A MBAF will need to be filed each year for two years after the benefit date or until all goals outlined in the agreement have been met, whichever is later.

- F. Recipients failing to fulfill business subsidy agreements may not receive business subsidies from any grantor for five years or until they have satisfied their repayment obligations, whichever comes first.
- G. Preference will be given to applicants meeting the following criteria, so you will need to get this information from the borrower, if it is applicable, using the attached addendum;
  - 1. A demonstrated higher target percentage of hires for Saint Paul residents;
  - 2. Demonstration of employer contributions made to employee child care and retirement accounts;
  - 3. Participation in responsible labor relations. Responsible labor relations are defined as neutrality on union organizing, providing a complete and accurate list of names and addresses of employees, reasonable access to employees and facilities during non-working periods, voluntary recognition based on a card check demonstrating that a union represents a majority of employees in a bargaining unit, and binding arbitration on the first contract;
  - 4. A statement that if job creation/retention is the primary development objective, recipients will create (or in cases where job loss is imminent and demonstrable, retain) at least one full-time living wage job per \$25,000 of the subsidy;
  - 5. A statement that a recipient with at least 100 FTE's will invest a portion equal to 5% of the loan or grant for training St. Paul workers;
  - 6. A statement that an employer with at least 75 FTE's will offer employees the opportunity to participate in a health care program which includes an employer contribution;
  - 7. A statement that a recipient with at least 100 FTE's will dedicate a portion of the loan or grant to a program encouraging housing opportunities for the employees within the job creation period of the assistance. This assistance may be in the form of advances for down payments or closing costs, grants for house or property acquisition, or partnerships with affordable housing agencies or lenders.

If you are unclear as to what forms of financial assistance are not a business subsidy, the attached Appendix A will help clarify it, but please consult with Compliance staff as well.

## **APPENDIX A**

The following forms of financial assistance are not a business subsidy:

- 1) a business subsidy of less than \$25,000;
- 2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
- 3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
- 4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;
- 5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code, and designated historic districts, provided that the assistance is equal to or less than 50 percent of the total cost;
- 6) assistance to provide job readiness and training services;
- 7) assistance for housing;
- 8) assistance for pollution control or abatement including assistance for a tax increment financing hazardous substance subdistrict;
- 9) assistance for energy conservation;
- 10) tax reductions resulting from conformity with federal tax law;
- 11) workers' compensation and unemployment compensation;
- 12) benefits derived from regulation;
- 13) indirect benefits derived from assistance to educational institutions;
- 14) funds from bonds allocated under chapter 474A to include refunding bonds and revenue bonds sold for the benefit of 501(c)(3) organizations;
- 15) assistance for a collaboration between a Minnesota higher education institution and a business;
- 16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;
- 17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value; and
- 18) general changes in tax increment financing law and other general tax law changes of a principally technical nature.
- 19) federal assistance is excluded "until the assistance has been repaid to , and

reinvested by, the state or local government agency" presumably, this means that a loan funded directly by federal dollars is not a business subsidy, but a loan made from a revolving loan fund is a business subsidy;

20) funds from dock and wharf bonds issued by a seaway port authority are excluded;

21) business loans and loan guarantees of \$75,000 or less are excluded. This clause is effective immediately;

22) federal loan funds provided through the federal Economic Development Administration are excluded.

**\*Information underlined is changes made from the August, 2000 Legislative Session.**